

The Role of
Railroads
In Transportation

North America’s freight
railroads can, and should,
play a greater role in meeting
the transportation challenges
of the future.

Why?

Moving Freight By Rail:

- **Frees Highway Capacity and Reduces Congestion**
- one boxcar equals 3-4 trucks
- **Makes Michigan Business More Economically Competitive**
- rail rates have dropped 29% since 1981
- **Saves Fuel**
- trains are three times more fuel efficient than trucks
- **Helps Preserve Our Environment**
- the U.S. EPA estimates that a train emits three times less the pollution than a truck per ton unit

Michigan's Rail Network



Michigan's Railroads

- 25 Railroads
- 3,399 miles of track
- 2.2 million carloads moved
- 84.4 million tons carried

Michigan's Railroads

- Maintain their own "roads"
- \$1 billion spent on rail line improvements in Michigan in the last decade alone



Moving Our Economy

Metallic Ores	9.3 million tons
Trans. Equipment	7.9 million tons
Waste and Scrap	2.0 million tons
Farm Products	2.5 million tons
Chemicals	1.9 million tons
Other	8.5 million tons

Tons Originated, 2001

Moving Our Economy

Coal	23.2 million tons
Metallic Ores	8.5 million tons
Chemicals	4.3 million tons
Metal Products	2.7 million tons
Petroleum	2.1 million tons
Other	10.5 million tons

Tons Terminated, 2001

Michigan's Rails & Industry

- Michigan's unique geography
- Maintaining competitive position
- Strong Rails = Strong Industry

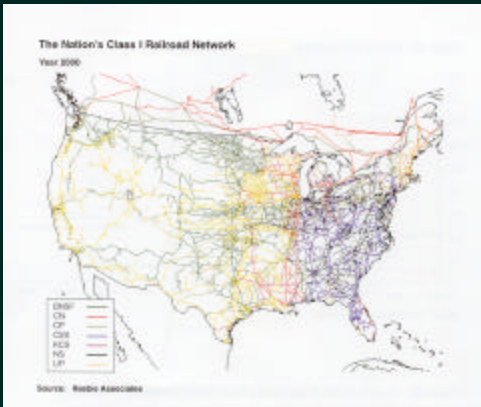
International Exporter

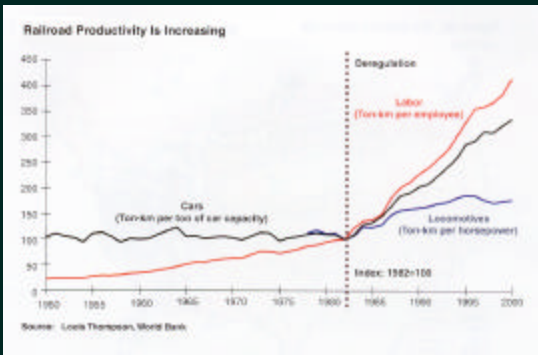


\$8 billion worth of autos and parts to Canada

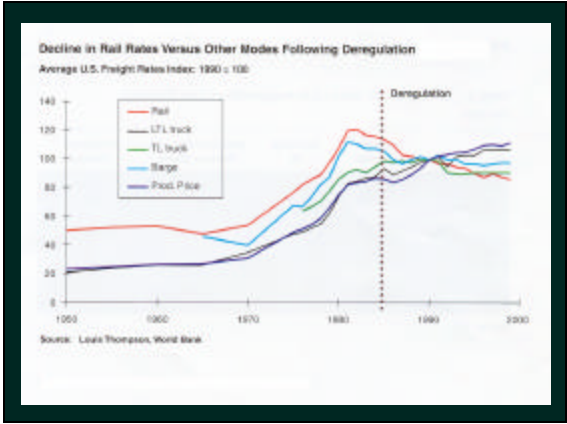


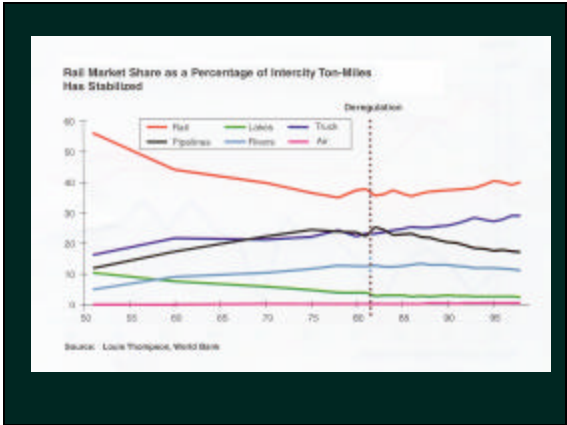
\$3 billion worth of autos and parts to Mexico

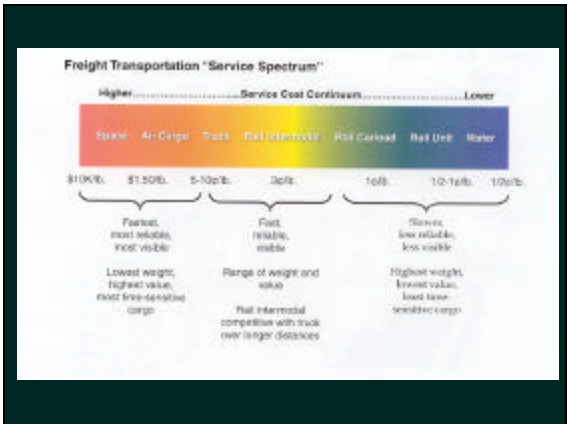




Michigan Railroads Association







Railroads have difficulty earning enough revenue to maintain their tracks and equipment.

Why?

Because although railroads haul 40% of the U.S. tonnage, they earn only 6% of total freight revenue.

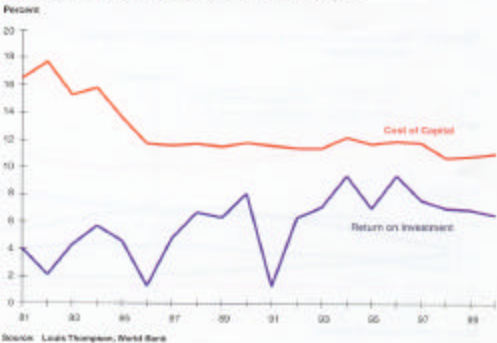
Railroad Capital Needs Are Far More Intensive Than Other Industries

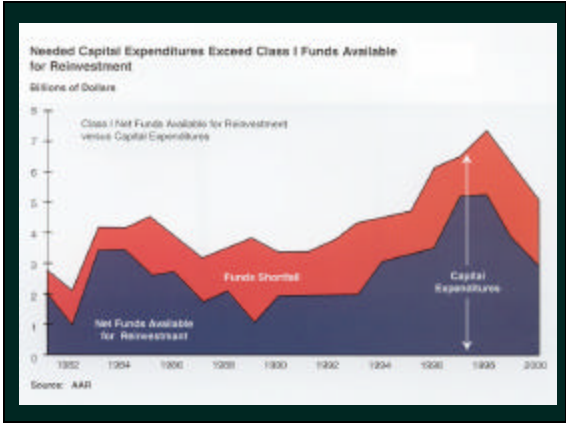
Capital Expenditures as a Percentage of Revenue for Various U.S. Industries: 2000	
All manufacturing	3.1%
Food and kind products mfg.	3.1%
Textile mill equip. mfg.	3.6%
Food manufacturing	2.7%
Wood product mfg.	3.3%
Machinery mfg.	3.1%
Fabricated metal product mfg.	3.7%
Primary metal product mfg.	3.6%
Paper manufacturing	4.9%
Computer and electronic prod. mfg.	5.8%
Chemical manufacturing	5.6%
Nonmetallic mineral prod. mfg.	4.2%
Class I Railroads	17.8%

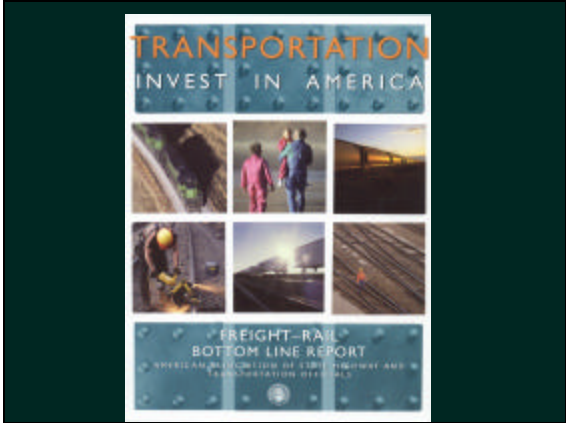
Source: U.S. Bureau of the Census, BART

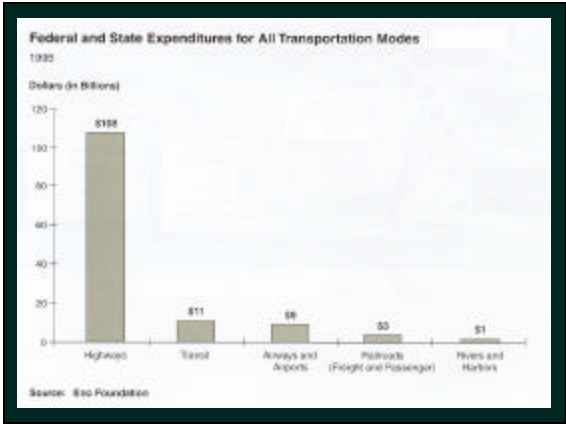


Class I Railroad Return on Investment Versus Cost of Capital









Public-Private Partnerships

- Alameda Consolidated Corridor – \$2.4 Billion
- Chicago Plan - \$1.5 Billion
- International Border Projects
- Detroit Intermodal Freight Terminal Study
